

Warmth and Competence: How Brand Perceptions Affect Consumer Behavior

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Introduction

To attract and retain customers in an increasingly competitive and rapidly changing environment, it is important for insurance and financial services companies like Nationwide to offer a consistent and distinctively satisfying customer experience. However, determining the specific aspects of the customer experience that need the most attention and what improvements should be made can be a daunting task.

Aims

The purpose of this work, therefore, was to develop a general framework to help 1) identify factors that tend to contribute to a negative customer experience, 2) determine the potential impact of that negative experience on downstream behaviors, and 3) and find ways to foster a more positive experience instead.

Methods

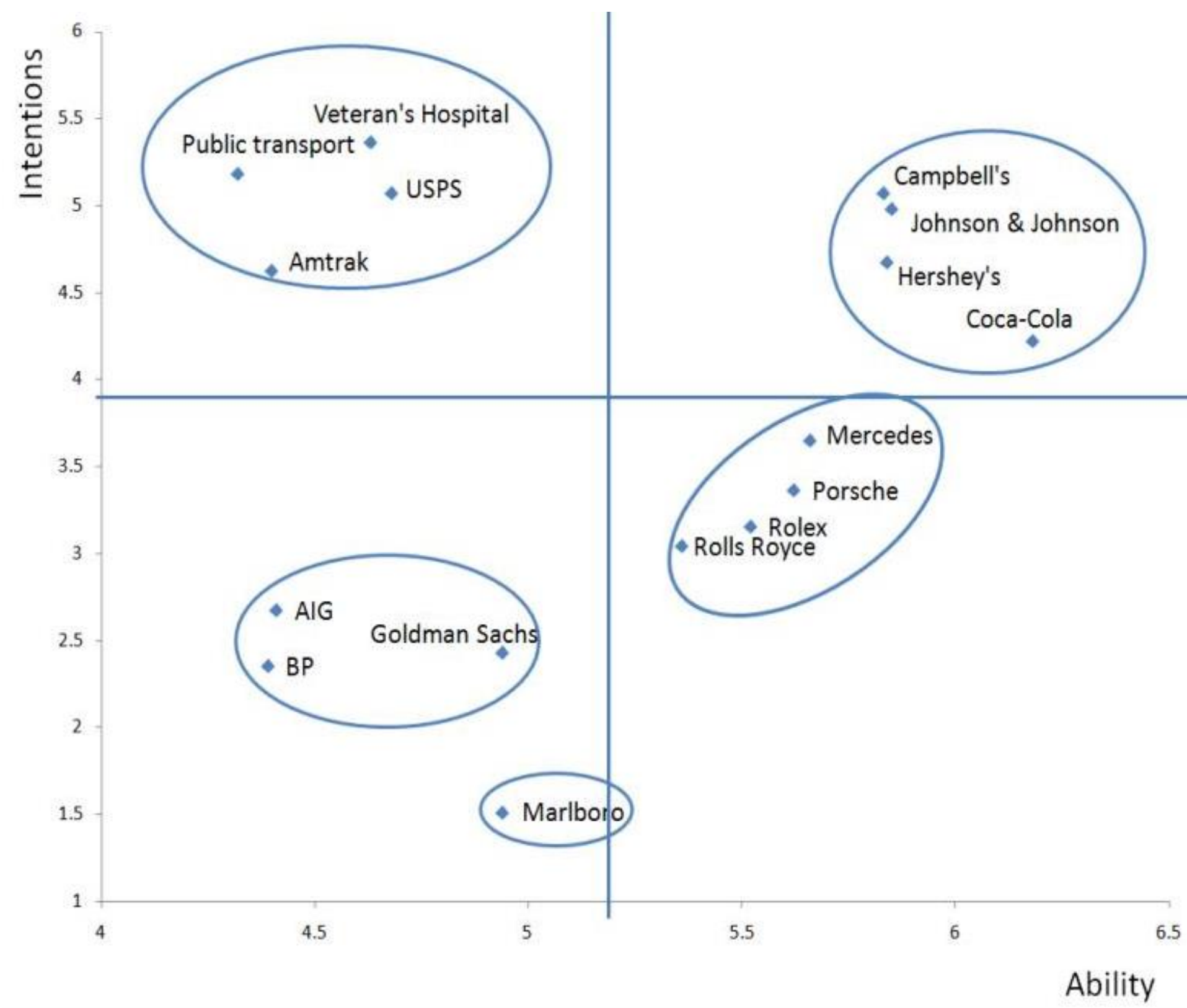
To build our approach, we conducted a review of the extensive quantitative research on the concepts of warmth and competence, which have been studied within a variety of domains, including interpersonal relations, stereotyping and prejudice, and consumer behavior. In terms of brand perceptions, for example, warmth refers to a company's perceived friendliness, trustworthiness, and intentions, whereas competence refers to its perceived ability to effectively achieve its goals (Figure 2). These judgments are formed rapidly (Figure 1) and have important implications for future behavior (Figure 3).

The findings from the review were used to map out the critical antecedents and consequences of warmth and competence. We then attempted to connect these general concepts to specific business processes and customer service activities common to the insurance and financial services industry.

Figure 1

Trait	Nonverbal	Associated Traits	Perception Time	Persistence
Warmth	Eye contact, nodding, smiling, leaning forward, mirroring syntax	Trustworthiness, friendliness, likeability	Instantly	Can be faked: once warmth is lost, it is difficult to reclaim
Competence	Taking up space, assertiveness, power posing	Intelligence, success, leadership	Not instantly	Cannot be faked: once competence is established, it is hard to lose.

Figure 2*



*Perceptions of warmth and competence of various consumer brands (Kervyn, Fiske, & Malone, 2012)

Results

Based on the literature review, we hypothesize that the interaction of warmth and competence perceptions, as well as the related emotional and behavioral consequences, have important implications for the insurance and financial services sector. For example, if a company is viewed by customers as warm but incompetent, we predict that customers would be more likely to forgive mistakes on bills, understand necessary price increases, or overlook otherwise inept behavior. And even if customers decided to leave, we would not expect them to engage in extensive negative-word-of-mouth.

On the other hand, if a company is viewed as cold but competent, we hypothesize that customers would be more likely to distrust the firm, which would lead them to view billing mistakes as intentional, rather than accidental. And these individuals may also be more likely to engage in negative word-of-mouth or other forms of organizational sabotage, such as fraudulent behavior.

Conclusions

The empirically-supported constructs of warmth and competence offer a simple but useful framework for understanding and influencing customer behavior. Moreover, applying these concepts has helped identify multiple promising areas for follow-up research. For example, future studies could focus on identifying specific events or interactions that may lead customers to view a company as cold and incompetent, or building a profile of the customers most likely to engage in hostile behaviors. By connecting warmth and competence to specific problems or situations in this way, companies can create a more rewarding and differentiating customer experience.

Figure 3

Trait Combination	Emotions	Behaviors
Warm and Competent	Admiration, pride, loyalty, trust	Active facilitation, want to continue working together, positive word-of-mouth, helping behavior
Warm and Incompetent	Pity	Passive helping, passive neglect, stop service, not engaging in positive or negative word-of-mouth, more likely to forgive mistakes
Cold and Competent	Envy, hostility	Active attrition and active neglect. Negative word-of-mouth, possible sabotage or harmful behavior. Lack of trust in the organization
Cold and Incompetent	Contempt, hostility, resentment	Active harm, negative word-of-mouth, active attrition. Possible sabotage behavior

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